



U.S. Department of Housing and Urban Development

Washington State Office
Seattle Federal Office Building
Office of Public Housing
909 First Avenue, Suite 360
Seattle, WA 98104-1000

May 16, 2003

PHA CIRCULAR

**ATTENTION: ALL PUBLIC HOUSING AGENCIES IN THE JURISDICTION OF
THE WASHINGTON STATE OFFICE**

NO. 03-02

**SUBJECT: PLAN SUBMITTALS FOR CAPITAL FUND REPLACEMENT
HOUSING FACTOR (RHF) FUNDING**

**APPLIES TO:
LIPH**

NOTE: Forms, Handbooks, Notices, and other directives issued by HUD Headquarters may be ordered by calling 1-800-767-7468, or faxing an order to (202) 708-2313.

This Circular is provided to assist your public housing agency (PHA) with information regarding plan submittals for the Capital Fund, Replacement Housing Factor (RHF) Funding. The RHF Plan is due to this office by May 30th, 2003; or the due date of a PHAs Annual Plan whichever is later.

In order to comply with Notice PIH 2003-10 (HA) issued April 4, 2003, PHAs that have demolished or sold housing developments and have not acquired new developments via HOPE VI funding or other programs can participate and receive RHF funding in accordance with 24 CFR §905.10.

Seattle HUD office records indicate that Alaska Housing Finance Corporation, Housing Authority of Snohomish County and Tacoma Housing Authority have previously received RHF funding for their first increment. However, all PHAs may apply to participate in the RHF program using the criteria explained below.

Please note that Notice PIH 2003-10 specifically addresses two separate increments of RHF funding and each requires a plan approval. For the first increment, send the requested RHF plan to: Richard L. Ballinger, 909 1st Avenue, Suite 360, Seattle, WA 98104-1000. If requesting a second RHF funding increment, send the plan information to: William C. Thorson, Director, Office of Capital Improvements via fax at (202) 401-3997. Provide the local office with a hard copy of the faxed plan.

Highlights of the Notice are as follows:

- Recipients of RHF funding previously awarded in fiscal year's 1998 through 2002 are considered to have received their first (5 year) increment funding.

- Beginning with an award previously received for FY 2000, the RHF funds can only be designated for use in replacement of public housing.
- The RHF funds must be obligated within 24 months of award or with specific HUD approval, 24 months following an adequate balance to begin construction of replacement housing.
- Previously awarded RHF funds of the first increment that have not been obligated by a PHA, must submit a usage plan to their **local HUD** office prior to May 30th, 2003; or the due date of the PHAs Annual Plan for this year, whichever is later.
- A PHA may consider applying for a second (5 year) increment of RHF funding, which requires a separate usage plan, and must be submitted to **HUD Headquarters Office**. However if the first RHF increment has not received approval by the local HUD office, the second increment may be processed, but will be delayed pending local HUD office approval of the RHF Plan.
- To qualify for a second increment a PHA must have firm commitments of additional sources of funds as a prior condition for replacement housing, other than public housing funds. These sources can be from, for example, CDBG, State or local grants, tax credits, private mortgage-secured loans and other debt, donations and contributions, and housing trust funds. Refer to Notice PIH 2003-10, Paragraph B.3, for example of leveraging resources.
- PHAs intending to use only a first increment of RHF funding must reach expenditures within four years of their plan starting date. PHAs requesting a second increment of RHF funding must expend all funding by the end of the 10th year.
- Plans must provide information in the format as described in Notice PIH 2003-10, Paragraph B.

If our office may be of further assistance in this matter, please contact Richard L. Ballinger, at 206.220.6233.

Sincerely,

/s/

Harlan L. Stewart
Acting Director
Office Of Public Housing